

State of Montana
Office of the Legislative Auditor
REPORT TO THE LEGISLATURE
HELENA
VOCATIONAL-TECHNICAL
CENTER

Financial-Compliance Audit for the
Two Fiscal Years Ended June 30, 1985

PLEASE RETURN

This report contains ten recommendations for improvement of the center's operations, including recommendations relating to:

- ▶ Compliance with state law concerning the granting of emergency sick leave.
- ▶ Federal compliance issues which could cause the center to lose federal assistance.

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FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant impact on the financial schedules. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office.

Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

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Office of the Legislative Auditor
HELENA VOCATIONAL-TECHNICAL CENTER

Financial-Compliance Audit for the
Two Fiscal Years Ended June 30, 1985

Members of the audit staff involved in this audit include: Wayne Kedish, Wayne Guazzo, Gloria Varner, Kim Thornton, Fritz Roos, Amy Vanica, and Janet Tursich.

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STATE OF MONTANA

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LEGISLATIVE AUDITOR

April 1986

The Legislative Audit Committee
of the Montana State Legislature:

This is the financial-compliance audit report on the Helena Vocational-Technical Center for fiscal years 1983-84 and 1984-85. The center's written response to audit recommendations is included in the back of the audit report.

We thank the director and the center's staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat".

Scott A. Seacat
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Elective and Administrative Officials	iii
Summary of Recommendations	iv
Introduction	1
Background	1
Prior Audit Recommendations	2
Legal Compliance	2
State Compliance	3
Leave Policy	3
Federal Compliance	4
Grant Reporting	4
Timeliness of Reporting	5
Maintenance of Effort	6
Pell Overpayments	7
Incomplete Student Financial Aid Applications	8
Property, Plant, and Equipment	8
Accounting Issues	8
College Work-Study Wages and Benefits	9
Aircraft Mechanic Testing	9
Full-Time Equivalent Students	11
Internal Controls	12
Control Weaknesses	14
Auditor's Opinion Letter and Agency Financial Schedules	
Summary of Audit Opinion	
Auditor's Opinion Letter	16

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Schedule of Changes in Fund Balance for the Two Fiscal Years Ended June 30, 1985	18
Schedule of Revenue and Transfers In, Estimate and Actual, for the Fiscal Year Ended June 30, 1985	19
Schedule of Revenue and Transfers In, Estimate and Actual, for the Fiscal Year Ended June 30, 1984	20
Schedule of Program Expenditures and Transfers Out by Fund, Budget and Actual, for the Fiscal Year Ended June 30, 1985	21
Schedule of Program Expenditures and Transfers Out by Fund, Budget and Actual, for the Fiscal Year Ended June 30, 1984	22
Schedule of Program Expenditures and Transfers Out by Object for Fiscal Year Ended June 30, 1985	23
Schedule of Program Expenditures and Transfers Out by Object for Fiscal Year Ended June 30, 1984	24
Notes to the Financial Schedules	25
Schedule of Additions and Deductions, Agency Fund Assets, for the Two Fiscal Years Ended June 30, 1985	30
Schedule of Grants and Subgrant Receipts for the Fiscal Year Ended June 30, 1985	31
Schedule of Grants and Subgrant Receipts for the Fiscal Year Ended June 30, 1984	32
Schedule of Student Financial Aid Grant Expenditures for the Fiscal Years Ended June 30, 1984 and 1985	33
Agency Response	34

ELECTIVE AND ADMINISTRATIVE OFFICIALS

HELENA VOCATIONAL-TECHNICAL CENTER

Dr. Alex Capdeville	Director
James Thomas	Assistant Director
Einar Brosten	Fiscal Administrator
Charles W. Wetterling	Accountant

OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Ed Argenbright	Superintendent and Executive Officer of Vocational Education
Gene Christiaansen	Assistant Superintendent for Vocational Education Services

HELENA SCHOOL DISTRICT #1

Board of Trustees

	<u>Term Expires</u>
Terry B. Cosgrove, Chairman	1986
E. Dean Retz	1986
Paul Stahl	1987
Mignon Waterman	1987
Jeffrey Strickler, Vice Chairman	1988
Phil Brooks	1988
Barbara Givier	1988
Pamela Langley	1988
Judith Wright	1988

Administrative Officials

Roger Eble	Superintendent
John Campbell	Business Manager

SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's reply.

	<u>Page</u>
<u>Recommendation #1</u>	
The center comply with state law regarding leave benefits.	3
Agency Response: Concur. See page 35.	
<u>Recommendation #2</u>	
The center:	
A. Support financial aid reports with its accounting records in accordance with federal regulations.	5
Agency Response: Concur. See page 35.	
B. Institute controls to ensure communication between the accounting function and the financial aid office.	5
Agency Response: Concur. See page 36.	
<u>Recommendation #3</u>	
The center develop procedures to ensure timely reporting in accordance with the provisions of federal grant agreements.	6
Agency Response: Concur. See page 36.	
<u>Recommendation #4</u>	
The center provide sufficient match of state participation to comply with federal regulations in regard to maintenance of effort.	7
Agency Response: Concur. See page 36.	
<u>Recommendation #5</u>	
The center:	
A. Continue to attempt collection of the overpaid financial aid.	7
Agency Response: Concur. See page 36.	

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
B. Reimburse the federal financial aid account for the uncollected balance of the overpayments.	7
Agency Response: Concur. See page 36.	
<u>Recommendation #6</u>	
The center establish procedures to ensure that student financial aid files contain a complete application as required by federal regulation.	8
Agency Response: Concur. See page 37.	
<u>Recommendation #7</u>	
The center identify federal property in accordance with federal regulations.	8
Agency Response: Concur. See page 37.	
<u>Recommendation #8</u>	
The center properly account for the off-campus employers' share of College Work-Study and industrial accident insurance.	9
Agency Response: Concur. See page 37.	
<u>Recommendation #9</u>	
The center record its financial activity related to the aircraft mechanic test in the Designated or Unrestricted Subfund in accordance with state accounting policy.	10
Agency Response: Concur. See page 37.	
<u>Recommendation #10</u>	
The center:	
A. Restrictively endorse checks when received.	15
Agency Response: Concur. See page 38.	

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
B. Segregate the functions of authorizing warrants and picking up warrants.	15
Agency Response: Concur. See page 38.	
C. Adequately safeguard checks against loss.	15
Agency Response: Concur. See page 38.	

INTRODUCTION

We performed a financial-compliance audit of the Helena Vocational-Technical Center for fiscal years 1983-84 and 1984-85. The objectives of the audit were to: 1) make recommendations for improvements in the management and internal controls of the center; 2) determine if the center complied with applicable laws and regulations; and 3) determine if the center's financial schedules present fairly the results of operations for the two fiscal years ended June 30, 1985.

This report contains 10 recommendations to the center. These recommendations address areas where the center can improve management, financial reporting, and compliance with laws and regulations. Other areas of concern deemed not to have a significant effect on the successful operations of the center are not specifically included in the report, but have been discussed with management.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendations.

BACKGROUND

The Helena center was founded in 1939 when the Office of Public Instruction designated five centers for Montana. This designation was reaffirmed by the legislature in 1969 when the five centers were established by statute.

The center enrolled 839 students in fall quarter of 1983, 836 students in fall quarter of 1984, and 931 students in fall quarter of 1985. The center currently offers instruction in thirteen major programs as follows:

- | | |
|------------------------------------|--------------------------------------|
| 1. Accounting/Bookkeeping | 8. Electrical Product Servicing |
| 2. Agri-Diesel Mechanics | 9. Industrial Electronics Technology |
| 3. Automobile Mechanics | 10. Machine Shop |
| 4. Aviation Maintenance Technician | 11. Practical Nursing |
| 5. Building Trades | 12. Secretarial |
| 6. Business Data Processing | 13. Truck - Diesel Mechanics |
| 7. Combination Welding | |

PRIOR AUDIT RECOMMENDATIONS

The prior audit of the Helena Vocational-Technical Center was conducted for the two fiscal years ended June 30, 1983. The report contained 17 recommendations for improvement of the center's operations. The center concurred with 14 of the recommendations, partially concurred with 2, and did not concur with 1.

We reviewed the status of prior audit recommendations and determined that the center has implemented 10, partially implemented 4, and did not implement 1. The recommendation which has not been implemented is addressed on page 3 of this report. The recommendations which have been partially implemented and have a significant effect on the successful operations of the center are addressed on pages 4, 5, and 6 of this report.

LEGAL COMPLIANCE

Our audit of the Helena Vocational-Technical Center was performed in accordance with the Standards for Audits of Governmental Organizations, Programs, Activities, and Functions. Accordingly, we reviewed the state and federal laws and regulations applicable to the center's operations. Federal regulations require us to disclose all items of noncompliance noted in our testing without regard to materiality. Areas reviewed include specific state laws, which could have a material impact on the center's financial operations, specific grant provisions, cost allowability, and grantor reporting. For the items tested, except for the items discussed under the state compliance section and federal compliance section of this report, we found the department complied with

applicable laws and regulations. Nothing came to our attention that causes us to believe untested compliance items are not in accordance with applicable laws and regulations.

STATE COMPLIANCE

Leave Policy

In addition to the vacation and regular sick leave benefits provided for by statute, the center allows custodians and noncertified administrative personnel to take ten days of emergency sick leave and secretarial and warehousemen to take seven days of emergency sick leave (changed to ten days in fiscal year 1986). Thirty-eight Opinions of Attorney General, number 20, states nonteaching center employees are entitled to vacation and sick leave benefits under MCA Title 2, Chapter 18, part 6. This is the same leave granted to state employees and the law does not authorize additional emergency sick leave. The Attorney General's opinion further states, "these maximum and minimum benefits may not be varied through collective bargaining and negotiations." Noncompliance with this law was addressed in the prior audit and the center did not concur with this recommendation. Center officials had indicated that its secretaries and custodians are School District No. 1 employees and all leave benefits had been negotiated with the Montana Public Employees Association (MPEA).

An official of the Helena School District said the school district will be contacting its attorneys. If the attorneys determine the contracts are not in compliance with state law, the school district will comply. Center personnel indicated 20.5 emergency leave days were taken in fiscal year 1983-84 and 25 days in fiscal year 1984-85 by center employees.

RECOMMENDATION #1

WE RECOMMEND THE CENTER COMPLY WITH STATE LAW REGARDING LEAVE BENEFITS.

FEDERAL COMPLIANCE

Grant Reporting

Federal regulations require the amounts reported on federal financial reports be supported by the agency's accounting records. As part of our audit of student financial aid and other federal grants, we noted the following reports contained information which was not supported by the accounting records.

1. The center is required by federal regulations to file a financial aid report called a Recipient Report of Expenditures (ED 868 report). The amount of expenditures reported on the federal report did not agree with the amounts reported on the state's accounting records. Center personnel were unable to explain the differences. The following schedule shows the difference between the amounts reported on the center's accounting records and the amounts reported on the ED 868 report.

	<u>Fiscal Year 1984 868 Report</u>			<u>Fiscal Year 1985 868 Report</u>		
	<u>Expenditure Amount Per Account Records</u>	<u>Expenditure Amount Per Federal Report</u>	<u>Difference</u>	<u>Expenditure Amount Per Account Records</u>	<u>Expenditure Amount Per Federal Report</u>	<u>Difference</u>
Pell Grant	\$186,797	\$186,909	\$ (112)	\$294,358	\$294,084	\$ 274
SEOG	10,734	10,484	250	11,593	11,393	200

2. The center also reports expenditures to the Board of Regents for the State Student Incentive Grants (SSIG). For fiscal year 1984-85 the center reported \$7,800 in SSIG expenditures, while its accounting records reported \$7,200. A center official indicated that two warrants amounting to \$600 were returned to the center and cancelled, but the person who prepared the financial aid report was not made aware of the cancelled warrants.

Center officials indicated that some of the reporting errors were caused by inadequate communication between the financial aid office and the accounting office. Inadequate communication between the financial aid office and the accounting office was addressed in the prior audit. The center's management should work to improve communications between those offices.

RECOMMENDATION #2

WE RECOMMEND THE CENTER:

- A. SUPPORT FINANCIAL AID REPORTS WITH ITS ACCOUNTING RECORDS IN ACCORDANCE WITH FEDERAL REGULATIONS.
- B. INSTITUTE CONTROLS TO ENSURE COMMUNICATION BETWEEN THE ACCOUNTING FUNCTION AND THE FINANCIAL AID OFFICE.

Timeliness of Reporting

We noted several instances where the center did not submit required reports of federal grant expenditures to the Office of Public Instruction (OPI) on a timely basis. The grant agreement between the center and OPI establishes the reporting requirements and the due dates for federal subgrants received by the center. The results of our review, relating to the submission of these reports, are as follows:

- 1. Monthly Job Training Partnership Act (JTPA) expenditure reports are due by the fifth working day following the end of each month. We tested three monthly expenditure reports and found two reports were submitted past the deadline. One report was submitted two days late while the other was submitted 28 days late.
- 2. Final expenditure report due dates for each Vo.Ed. grant project vary and are established by the subgrant agreement with OPI. We tested seven final expenditure reports and found two were not timely. The delay was four months in one instance and seven months in the other instance.

Center officials indicated that the reports were submitted in an untimely manner primarily due to oversights. OPI should receive the center's grant reports in a timely manner so that OPI can submit its reports to the federal government as required by federal regulations.

RECOMMENDATION #3

WE RECOMMEND THE CENTER DEVELOP PROCEDURES TO ENSURE TIMELY REPORTING IN ACCORDANCE WITH THE PROVISIONS OF FEDERAL GRANT AGREEMENTS.

Maintenance of Effort

The center is required by federal regulations to report the amount of state participation in student financial aid programs on the Federal Fiscal Operations Report. The amount of state participation is called maintenance of effort. The level of maintenance of effort was determined some years ago based on a three-year average of state participation as directed by the federal government. The level of maintenance of effort for the center was established at \$13,055. The center is required to spend at least \$13,055 of state financial aid funds in order to qualify for its College Work-Study (CWS) and Supplemental Educational Opportunity Grant (SEOG) funding. The center's records indicate it did not meet the required maintenance of effort during each year of our audit. A center official indicated the center does not have enough other nonfederal financial aid funds available to meet the level of effort requirements. In fiscal years 1983-84 and 1984-85, the center reported spending \$2,699 and \$750, respectively, less than the required maintenance of effort.

If the center does not meet the maintenance of effort requirements, it risks losing its CWS and SEOG funding. This concern was noted in the prior audit. The center concurred with the recommendation and indicated it would reestablish a new maintenance of effort level. The recommendation was not implemented.

RECOMMENDATION #4

WE RECOMMEND THE CENTER PROVIDE SUFFICIENT MATCH OF STATE PARTICIPATION TO COMPLY WITH FEDERAL REGULATIONS IN REGARD TO MAINTENANCE OF EFFORT.

Pell Overpayments

The center erroneously overpaid financial aid to nine students under the Pell financial aid program. During fiscal year 1984-85, the center developed a computerized system to determine whether a student is classified as full-time, three-fourths time, or one-half time for payment purposes.

A center official said, due to an oversight in the financial aid office, the programmer was not told that the U.S. Department of Education uses a different criteria for full-time student status than does the Montana Office of Public Instruction. This error caused a printout showing students paying full tuition and attending four classes as being full-time when for Pell financial aid purposes they were only three-fourths time.

As a result, students were overpaid a total of \$1,011. Of this amount, \$201 has been collected by the center. A center official indicated the computer program has been corrected and the center is attempting to collect the remaining \$810. In addition, because the center spent federal funds for unallowable purposes, it may be required to reimburse the financial aid account for the uncollected balance of the overpayments.

RECOMMENDATION #5

WE RECOMMEND THE CENTER:

- A. CONTINUE TO ATTEMPT COLLECTION OF THE OVERPAID FINANCIAL AID.
- B. REIMBURSE THE FEDERAL FINANCIAL AID ACCOUNT FOR THE UNCOLLECTED BALANCE OF THE OVERPAYMENTS.

Incomplete Student Financial Aid Applications

Federal student financial aid regulations require that students must indicate compliance with selective service registration requirements in order to be considered eligible students. Students are required to fill out a selective service status form on their financial aid application. Of the thirteen student financial aid applications reviewed, one application did not contain a completed selective service status form. A center official indicated this was an oversight on the part of center personnel. Because the center personnel did not know whether the student registered with selective service this could have resulted in an overaward.

RECOMMENDATION #6

WE RECOMMEND THE CENTER ESTABLISH PROCEDURES TO ENSURE THAT STUDENT FINANCIAL AID FILES CONTAIN A COMPLETE APPLICATION AS REQUIRED BY FEDERAL REGULATION.

Property, Plant, and Equipment

Helena Vocational-Technical Center is not complying with federal regulations concerning property, plant, and equipment accounting. Attachment N of OMB Circular A-110 requires property owned by the federal government must be marked to indicate federal ownership. The center does not identify its federal property in accordance with the federal regulations.

RECOMMENDATION #7

WE RECOMMEND THE CENTER IDENTIFY FEDERAL PROPERTY IN ACCORDANCE WITH FEDERAL REGULATIONS.

ACCOUNTING ISSUES

The following three sections discuss our concerns related to specific accounting issues.

College Work-Study Wages and Benefits

The center improperly records revenues and expenditures for the off-campus employers' share of the College Work-Study (CWS) program. These moneys represent wages and benefits paid to CWS eligible students by the center for off-campus employers. The employers reimburse the center for their share of the wages and benefits paid. Since the students are working for an outside employer and not the center, the revenue and related expenditures should not be recorded as the center's financial activity.

To properly record this activity the center should record an expenditure when it pays the off-campus employers' share of wages and industrial accident insurance; and it should abate expenditures when it receives reimbursement from the employer. A center official indicated this was the way the system was originally set up when the center began recording its financial activity on SBAS. Because the center improperly recorded this activity in the restricted fund, revenue and expenditures are overstated by \$15,370 in fiscal year 1983-84 and \$14,110 in fiscal year 1984-85.

RECOMMENDATION #8

WE RECOMMEND THE CENTER PROPERLY ACCOUNT FOR THE OFF-CAMPUS EMPLOYERS' SHARE OF COLLEGE WORK-STUDY AND INDUSTRIAL ACCIDENT INSURANCE.

Aircraft Mechanic Testing

The center improperly accounts for revenues and expenditures related to its aircraft mechanic test in the restricted subfund rather than in the designated subfund. State accounting policy requires that the restricted subfund only be used to account for funds available for financing operations which are limited by donors and other external agencies to specific purposes.

The center administers a Federal Aviation Administration (FAA) aircraft mechanic test to students desiring to become certified aircraft mechanics. Students planning to take the test pay a

fee to the center. The center then contracts with an instructor who is certified by the FAA to administer the test. The center is responsible for paying the instructor and for any incidental costs incurred with the administration of the test.

Since the moneys received by the center are not restricted by an outside party, the revenue and expenditures related to the test should be recorded in the unrestricted subfund or in the designated subfund rather than in the restricted subfund. The unrestricted subfund is used for funds received for which no stipulation was made by the donor or other external agency as to the purpose for which they should be expended. The designated subfund is used to identify financial activities related to special educational programs which are fully supported by supplemental assessments. A center official indicated that aircraft mechanic test fees were deposited in the restricted subfund because he originally believed the funds were restricted, but as a result of our audit he now believes test fees and expenditures should be recorded in the designated subfund.

As a result, revenues and expenditures are overstated in the restricted subfund and understated in the designated subfund. The following schedule illustrates the amount of misstatement.

	Fiscal Year 1984		Fiscal Year 1985	
	Over (Under) Stated		Over (Under) Stated	
		Unrestricted		Unrestricted
	<u>Restricted</u>	<u>or Designated</u>	<u>Restricted</u>	<u>or Designated</u>
Revenue	\$5,240	\$(5,240)	\$5,520	\$(5,520)
Expenditures	2,369	(2,369)	5,164	(5,164)

RECOMMENDATION #9

WE RECOMMEND THE CENTER RECORD ITS FINANCIAL ACTIVITY RELATED TO THE AIRCRAFT MECHANIC TEST IN THE DESIGNATED OR UNRESTRICTED SUBFUND IN ACCORDANCE WITH STATE ACCOUNTING POLICY.

FULL-TIME EQUIVALENT STUDENTS

Vocational-technical centers receive a significant part of their state funding based on the number of full-time equivalent (FTE) students expected to enroll for educational programs. A student FTE is defined as 1,000 hours of student/teacher classroom contact per year. All of the instruction programs, a portion of the equipment budget, and indirectly the support program, are impacted by FTE increases and decreases. Enrollment projections for the 1987 biennium were based on historical enrollment levels with consideration given to recent trends and recent facility enhancements.

As part of our audit of the center's financial schedules we audited the center's 12th day reports of student FTEs which are submitted to the Office of Public Instruction (OPI). The 12th day report is the document used to calculate the number of FTEs for each quarter. The document is prepared based on enrollment data as of the 12th day of each quarter. During our audit of the report, we noted the following two concerns dealing with the accuracy of the center's reported FTEs.

1. The computer report used to generate FTE counts was rounding the final computation up to the next whole number. The FTE computation is done separately for day classes and evening classes and then added together for reporting purposes. As a result, rounding occurred twice which, based on our testing, inflated FTEs. Center personnel indicated there are nine courses involving the double rounding within these programs.
2. In fiscal year 1984-85 the Office of Public Instruction (OPI) required the vocational-technical centers to report FTEs rounded to hundreds of an FTE. As noted above, the computer rounded to the next whole number. To meet the requirements of OPI, center personnel added a designated amount to FTEs in each program (i.e., instead of 13 FTE they reported 13.11 FTE). Center personnel were unable to document the source of the designated amount added to FTEs. This also caused an inflation of FTEs reported by the center.

We recalculated FTEs for eight courses of study at the center. The following schedule illustrates the difference between the amount of FTEs reported to OPI and the actual calculation without rounding for the eight courses tested.

<u>Quarter</u>	<u>Course</u>	<u>OLA Calculation</u>	<u>HVTC Reported to OPI</u>	<u>Percent Difference</u>
Spring 85	Agri-Diesel Mech.	45.94	46.02**	.2%
Spring 85	Practical Nursing	18.79	19.00**	1.1%
Spring 85	Ind. Electronics	96.05	96.99**	1.0%
Spring 85	Aviation Mainten.	58.46	59.10**	1.1%
Spring 85	Building Trades	29.23	30.00**	2.6%
Spring 85	Truck-Diesel Mech.	36.54	37.03**	1.3%
Fall 84	Word Processing	11.48	13.00*	13.2%
Fall 85	Clerk Typist	11.34	13.11*	15.6%

*The center calculated these FTEs rounding the figures up twice as noted in 1 above.

**The center calculated these FTEs by rounding the figures up one time and then in some cases it added or subtracted a decimal amount to the FTE figures.

As a result of our audit work center officials indicated they have corrected the computer calculations of FTEs to properly report FTE counts rounded to hundreds. It was not practical for us to recalculate the exact amount of FTE errors caused by the concerns discussed above, however, since the vocational-technical center receives a significant portion of its funding based on the number of student FTEs attending educational programs at the center, it is important that they be accurately calculated. Since the center has corrected its calculation of FTEs, we will not make a recommendation. The purpose of this report section is for disclosure purposes only.

INTERNAL CONTROL

We have examined the financial schedules of the Helena Vocational-Technical Center for the two fiscal years ended June 30, 1984, and June 30, 1985. We issued our opinion dated December 19, 1985, on these schedules. As part of our examination, we

made a study and evaluation of the system of control of the center. Our study evaluated the system as required by generally accepted auditing standards and the standards for financial compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. We classified the controls in the following categories:

1. revenue;
2. expenditures;
3. payroll;
4. contracts and grants; and
5. student financial aid.

Our study included the control categories listed above. Through our study, we determined the nature, timing, and extent of our auditing procedures. We applied alternative audit tests to payroll because the audit could be performed more efficiently by expanding substantive audit work. We did not evaluate the control system to the extent necessary to give an opinion on either individual segments or the system as a whole.

The management of the center is responsible for establishing and maintaining a system of accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of controls are to provide management with reasonable assurance that: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) transactions are executed in accordance with management's authorization; and (3) transactions are recorded properly to permit the preparation of financial schedules in accordance with state accounting policy. Inherent limitations in any system of controls may cause errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since the procedures may become inadequate or compliance with them may deteriorate.

The limited purpose study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the center. However, our study disclosed conditions that indicate internal control weaknesses exist. These conditions relate to control weaknesses discussed below. These conditions were considered in determining the nature, timing, and extent of the audit tests of the financial schedules. This report on internal control does not affect our opinion on the financial schedules.

The preceding three paragraphs are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon presentation to the Legislative Audit Committee, is a matter of public record.

Control Weaknesses

We noted the following internal control weaknesses in our testing:

1. One of the book stores is not endorsing checks at the time they are received. Checks are endorsed at the end of the day all at once. The Montana Operations Manual 2.1210.21 indicates "negotiable instruments shall be restrictively endorsed at the time of initial receipt." The center should ensure compliance with state policy to adequately safeguard assets.
2. The director and the accounting supervisor are authorized to pick up warrants at the State Auditor's Office. They also can approve the accounting documents which generate the warrant. By combining these functions with one or two individuals the center increases the risk that errors or omissions will occur without detection. The center can reduce this risk by separating the warrant pick-up function from the authorizing function.
3. Checks for the resale operation are received at the accounting office in the main building and logged in. Then the checks are sent to the resale operation at the airport to be recorded on the accounting records and subsequently returned to the main building to be deposited. Because the checks are received in one location and sent to another and then

returned to the first location, the checks are more susceptible to loss or theft. The vo-tech should deposit all checks on the day they are received and it should send other support to the resale operation thus allowing it to record the accounting activity on its accounting records.

RECOMMENDATION #10

WE RECOMMEND THE CENTER:

- A. RESTRICTIVELY ENDORSE CHECKS WHEN RECEIVED.
- B. SEGREGATE THE FUNCTIONS OF AUTHORIZING WARRANTS AND PICKING UP WARRANTS.
- C. ADEQUATELY SAFEGUARD CHECKS AGAINST LOSS.

AUDITOR'S OPINION LETTER
AND AGENCY FINANCIAL SCHEDULES

SUMMARY OF AUDIT OPINION

The auditor's opinion issued in this report is intended to convey to the reader of the financial schedules the degree of reliance that can be placed on the amounts presented. The opinion issued on the financial schedules and footnotes in paragraph three, page 16, in this report means that the schedules are reasonable in all material respects and the user of this Statewide Budgeting and Accounting System (SBAS) information can rely on the information presented when taken as a whole.

The financial schedules are prepared from SBAS without adjustments for errors noted during the audit. This is done to allow the reader to determine the degree of reliance that can be placed on SBAS information. In prior audits the financial schedules were presented after adjustments and the center was allowed to correct the errors prior to issuance of the auditor's opinion.

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DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the financial schedules of the various funds of the Helena Vocational-Technical Center for each of the fiscal years ending June 30, 1984, and 1985, as shown on pages 18 through 29. Our examination was made in accordance with generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

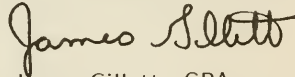
The center's financial schedules are prepared in accordance with the basis of accounting described in Note 1 to the financial schedules. Accordingly, the accompanying financial schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial schedules referred to above present fairly the results of operations, the changes in fund balance of such funds of the Helena Vocational-Technical Center for the two fiscal years ended June 30, 1985, in conformity with the basis of accounting described in Note 1 applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the financial schedules referred to in paragraph one. The accompanying Schedule of Additions and Deductions to Agency Fund Assets, Schedule of Grant and Subgrant Receipts, and Schedule of Student Financial Aid Grant Expenditures are

presented for additional analysis and disclosure purposes. The schedules have been subjected to the tests and other auditing procedures applied in the examination of the financial schedules above and, in our opinion, are fairly stated in all material respects in relation to the financial schedules referred to in paragraph one.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Gillett". The signature is written in a cursive, flowing style with a large initial "J" and "G".

James Gillett, CPA
Deputy Legislative Auditor

December 19, 1985

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF REVENUE AND TRANSFERS
ESTIMATED AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

	Less	Service Fees	Reimbursements	Investment Earnings	Rentals, Leases, and Royalties	Grants, Gifts, Bequests, and Donations	Sale of Documents, Merchandise, and Property	Federal Assistance	Income Collections, and Transfers	Total
Estimated Revenue/Transfers	\$ 211									\$ -0-
Actual Revenue/Transfers	<u>3,183</u>									<u>3,183</u>
Revenue Over(Under) Estimate	<u>\$ 3,163</u>									
GENERAL REVENUE FUND										
Estimated Revenue/Transfers	\$ 87,264	\$386,640	\$251,104					\$ 197,285		\$ 922,293
Actual Revenue/Transfers	<u>87,264</u>	<u>373,575</u>	<u>251,104</u>					<u>197,285</u>		<u>909,228</u>
Revenue Over(Under) Estimate	<u>\$ -0-</u>	<u>\$ (13,065)</u>	<u>\$ -0-</u>					<u>\$ -0-</u>		<u>\$ (13,065)</u>
SPECIAL FUNDS										
Restricted Subfund										
Estimated Revenue/Transfers	\$248,678		\$ -0-		\$ -0-			\$2,136,199		\$2,384,877
Actual Revenue/Transfers	<u>248,678</u>		<u>3,698</u>		<u>1,285</u>			<u>2,162,224</u>		<u>2,415,885</u>
Revenue Over(Under) Estimate	<u>\$ -0-</u>		<u>\$ 3,698</u>		<u>\$ 1,285</u>			<u>\$ 26,025</u>		<u>\$ 31,008</u>
Restricted Subfund										
Estimated Revenue/Transfers	\$ -0-	\$ 58,000	\$ -0-		\$58,000		\$219,785			\$ 335,785
Actual Revenue/Transfers	<u>5,520</u>	<u>58,120</u>	<u>1,114</u>		<u>86,001</u>		<u>502,520</u>			<u>653,269</u>
Revenue Over(Under) Estimate	<u>\$ 5,520</u>	<u>\$ 12</u>	<u>\$ 1,104</u>		<u>\$28,001</u>		<u>\$282,739</u>			<u>\$ 317,484</u>
Restricted Subfund										
Estimated Revenue/Transfers	\$ -0-					\$ -0-		\$ -0-		\$ -0-
Actual Revenue/Transfers	<u>10,982</u>					<u>281,644</u>		<u>1,500</u>		<u>294,126</u>
Revenue Over(Under) Estimate	<u>\$ 10,982</u>					<u>\$281,644</u>		<u>\$ 1,500</u>		<u>\$ 294,126</u>
Library Subfund										
Estimated Revenue/Transfers	\$ -0-					\$ -0-		\$ -0-		\$ -0-
Actual Revenue/Transfers	<u>16,411</u>					<u>18,411</u>		<u>39,791</u>		<u>158,202</u>
Revenue Over(Under) Estimate	<u>\$ 16,411</u>					<u>\$ 18,411</u>		<u>\$39,791</u>		<u>\$ 158,202</u>
PLANT FUND										
Estimated Revenue/Transfers	\$ -0-					\$ -0-				\$ -0-
Actual Revenue/Transfers	<u>6,766</u>					<u>6,766</u>				<u>139</u>
Revenue Over(Under) Estimate	<u>\$ 6,766</u>					<u>\$ 6,766</u>				<u>\$ 139</u>

These schedules are prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial statements on pages 25 through 29.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF REVENUE AND TRANSFERS IN
ESTIMATE AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	Taxes	Service Fees	Reimbursements	Investment Earnings	Rentals, Leases, and Royalties	Grants, Gifts, Requests, and Donations	Sale of Documents, Merchandise, and Property	Federal Assistance	Income Collections, and Transfers	Misc.	Total
GENERAL FUND											
Estimated Revenue/Transfers	\$87,682	\$343,530	\$281,228						\$ 117,931		\$ 830,371
Actual Revenue/Transfers	96,379	343,530	281,228						117,931		839,068
Excess (Under) Estimate	<u>\$ 8,697</u>	<u>\$ -0-</u>	<u>\$ -0-</u>						<u>\$ -0-</u>		<u>\$ 8,697</u>
PLANT FUND											
Restricted Subfund											
Estimated Revenue/Transfers	\$149,690				\$-0-				\$2,080,881		\$2,230,571
Actual Revenue/Transfers	149,690				240				2,080,881		2,230,811
Excess (Under) Estimate	<u>\$ -0-</u>				<u>\$240</u>				<u>\$ -0-</u>		<u>\$ 240</u>
Capital Subfund											
Estimated Revenue/Transfers	\$ -0-	\$41,328	\$-0-		\$36,816			\$168,723			\$ 246,867
Actual Revenue/Transfers	5,240	37,581	1,064		78,753			400,032			\$22,670
Excess (Under) Estimate	<u>\$ 5,240</u>	<u>\$(3,747)</u>	<u>\$1,064</u>		<u>\$41,937</u>			<u>\$231,309</u>			<u>\$ 275,803</u>
Operating Subfund											
Estimated Revenue/Transfers	\$ -0-										
Actual Revenue/Transfers	11,083										
Excess (Under) Estimate	<u>\$ 11,083</u>										
Operating Subfund											
Estimated Revenue/Transfers	\$ -0-					\$ -0-			\$ -0-		\$ -0-
Actual Revenue/Transfers	11,083					269,417			2,858		283,358
Excess (Under) Estimate	<u>\$ 11,083</u>					<u>\$269,417</u>			<u>\$ 2,858</u>		<u>\$ 283,358</u>
Operating Subfund											
Estimated Revenue/Transfers	\$ -0-					\$ -0-			\$ -0-		\$ -0-
Actual Revenue/Transfers	142,212					142,212			\$104,525		\$246,737
Excess (Under) Estimate	<u>\$142,212</u>					<u>\$142,212</u>			<u>\$104,525</u>		<u>\$ 246,737</u>
UNDEVELOPED PLANT FUND											
Estimated Revenue/Transfers				\$-0-							\$ -0-
Actual Revenue/Transfers				136							136
Excess (Under) Estimate				<u>\$ 136</u>							<u>136</u>
UNDEVELOPED PLANT FUND											
Estimated Revenue/Transfers						\$ -0-					\$ -0-
Actual Revenue/Transfers						49,755					49,755
Excess (Under) Estimate						<u>\$49,755</u>					<u>49,755</u>

For the fiscal year 1983-84 the center recorded no revenue in the General Fund.

Schedules are prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 25 through 29.



tal
3,088
6,208
<u>7,516</u>
6,812
4,374
7,265
8,589
6,597
0,762
8,936
5,638
0,135)
9,497
<u>1,523</u>
1,985
<u>1,985</u>
6,766
4,344
<u>1,110</u>
7,200
4,289
<u>1,000</u>
<u>2,489</u>
2,224
<u>2,222</u>

Additional information is provided in the notes to the financial statements.

FOR FISCAL YEARS ENDED JUNE 30, 1968

Module are prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the financial pages 25 through 29.

HELENA VOCATIONAL-TECHNICAL CENTER

NOTES TO FINANCIAL SCHEDULES

JUNE 30, 1984 and JUNE 30, 1985

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The state of Montana utilizes the modified accrual basis of accounting which is described in the Montana Operations Manual except for the funds of Higher Educational units which are reported on the accrual basis of accounting.

The General Fund and the Special Revenue Fund of the center are accounted for under the modified accrual basis of accounting. All other funds and subfunds of the center are funds of Higher Educational units and are accounted for on the accrual basis of accounting.

Under the modified accrual basis and the accrual basis of accounting, a valid obligation exists when the related liability is incurred except for the following items which are also considered valid obligations under state accounting policy.

- If the appropriation provided funds to complete a given project, the entire amount of a contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is accrued.
- The anticipated cost of equipment is expensed in the fiscal year in which budgeted.
- Goods ordered, but not received as of the fiscal year-end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

B. Basis of Presentation

The financial schedules, except for the Schedule of Grants as discussed below, are prepared from the Statewide Budgeting and Accounting System without adjustments. Accounts are organized

on the basis of funds according to state law. The following fund types are used by the center:

GENERAL FUNDS - Used to record the state General Fund support for the vocational-technical center and to record transfer of these moneys to the Current Unrestricted Subfund.

SPECIAL REVENUE FUNDS - Used to record moneys received from the local school district and transferred to the Current Unrestricted Subfund. Revenue recorded in the Special Revenue Fund is also recorded as revenue in the Current Unrestricted Subfund. Due to the state's system for accounting for Special Revenue Fund revenues, these revenues are recorded twice on the Schedule of Revenues and Transfers In, once in the Special Revenue Fund, and again in the Current Unrestricted Subfund.

CURRENT FUNDS - Includes economic resources expendable for instruction, public service, and the allied support programs which are not restricted by external sources or designated by the governing board for other than operating purposes. Current Funds are divided into four subfunds as follows:

Unrestricted Subfund - are funds received for which no stipulation was made by the donor or other external agency as to the purposes for which they should be expended.

Designated Subfund - accumulates costs that are subsequently recharged or allocated in total to other subfunds and the resultant income; identifies financial activities related to special organized activities of educational programs wherein they are fully supported by supplemental assessments, and tracks special supplies and facilities fees that are approved for collection beyond normal course fees.

Auxiliary Subfund - exists to furnish goods or services to students, faculty, or staff through a fee charged for the cost, although not necessarily equal to the cost of the goods or services. The revenues are derived directly from the operation of the auxiliary enterprise itself.

Restricted Subfunds - are funds available for financing operations which are limited by donors and other external agencies to specific purposes, programs, departments, or schools.

LOAN FUNDS - Are made available from gifts, which are loaned to students and are operated on a revolving basis. The principal and the interest repaid are available for reloaning.

AGENCY FUNDS - Include resources held by the institution as custodian or fiscal agent for individual students, faculty, staff members, and organizations.

UNEXPENDED PLANT FUNDS - Include funds expended for institution properties for the current and prior periods.

ENDOWMENT FUNDS - Donated funds which are invested in an interest bearing account utilizing only the interest for scholarships to students.

2. VACATION AND SICK LEAVE

Administrative employees for the center accumulate both vacation and sick leave. Teachers for the center accumulate sick leave only. Employees are paid for 100 percent of unused vacation and 25 percent of unused sick leave credits upon termination. Accumulated unpaid liabilities for vacation and sick leave are not reflected in the financial schedules of the center. Expenditures for termination pay are absorbed in the annual operating costs of the center in the fiscal year that employees terminate. At June 30, 1985, the center had a liability of \$38,634.88 for vacation leave and \$146,313.16 for sick leave.

3. PENSION PLAN

Employees are covered by the Montana Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The center's contribution to these plans is shown below.

	Fiscal Year <u>1983-84</u>	Fiscal Year <u>1984-85</u>
PERS	\$14,505.08	\$ 14,554.38
TRS	95,405.03	109,851.70

4. GENERAL FUND BALANCE

The General Fund is a statewide fund. Agencies do not have a separate General Fund since their only authority is to pay obligations from the statewide General Fund as long as they stay within their appropriation limits. Thus, on an agency schedule the beginning and ending fund balance will always be zero.

5. STUDENT FTEs

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF FULL-TIME EQUIVALENT (FTE) STUDENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

<u>Quarter</u>	<u>Year</u>	<u>Number of Students</u> ¹	<u>Contact Hours</u>	<u>Reported, FTEs</u> ²
Summer	1983	91	20,682	62
Fall	1983	839	227,505	683
Winter	1984	754	206,656	620
Spring	1984	748	208,639	626

¹Includes full-time and part-time students.

²This is the student contact hours divided by 333.3 contact hours as required by Section 10.41.101 ARM.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF FULL-TIME EQUIVALENT (FTE) STUDENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

<u>Quarter</u>	<u>Year</u>	<u>Number of Students</u> ¹	<u>Contact Hours</u>	<u>Reported, FTEs</u> ²
Summer	1984	120	27,132	81
Fall	1984	852	223,838	672
Winter	1985	833	220,104	660
Spring	1985	845	194,001	582

¹Includes full-time and part-time students.

²This is the student contact hours divided by 333.3 contact hours as required by Section 10.41.101 ARM.

6. DIRECT ENTRIES TO FUND BALANCE

General Fund - Amount relates to reversions of excess tuition collected prior to and in fiscal year 1984.

Special Revenue Fund - Amount relates to 1) reversion of excess tuition collected prior to and in fiscal year 1984; 2) reversion of excess millage; or 3) cash transfer from the Office of Public Instruction (OPI) when OPI was the administering agency.

Current Unrestricted Fund - Amount relates to cash transfer from the Office of Public Instruction (OPI) when OPI was the administering agency.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF ADDITIONS AND DEDUCTIONS
AGENCY FUNDS ASSETS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1985

	Agency Funds <u>All Other</u>	Agency Funds Additional <u>Millage</u>	Agency, Funds <u>Clearing</u>
Asset Balance, July 1, 1983	\$14,341	\$ -0-	\$ 2,307
Additions			
Fiscal Year 1984	20,243	199,322	681,674
Fiscal Year 1985	17,799	380,282	749,190
Total Additions	<u>38,042</u>	<u>579,604</u>	<u>1,430,864</u>
Deductions			
Fiscal Year 1984	25,679	121,045	680,292
Fiscal Year 1985	15,304	452,157	752,879
Total Deductions	<u>40,983</u>	<u>573,202</u>	<u>1,433,171</u>
Asset Balance, June 30, 1985	<u>\$11,400</u>	<u>\$ 6,402</u>	<u>\$ -0-</u>

¹This includes Student Senate, Office Education Association, Student Union Building, Agency Scholarships, and Rural Electric Coop.

²This includes Departmental Federal Assistance Financing Branch System, Basic Educational Opportunity Grant, and Off-campus College Work-Study.

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF GRANTS AND SUBGRANT RECEIPTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

<u>Grant Source, Name, and Number</u>	<u>Receipts</u>
A. Direct Grants	
Department of Education	
Pell Grant	\$297,915
College Work Study	55,706
College Work Study Match	18,949
Supplemental Education Opportunity Grant	9,931
Admin. Fees: Pell, SEOG, CWS, VA	6,334
Private	
Clay Endowment	1,104
Harold Hamm Endowment	402
Rotana Scholarship	360
B. Subgrants	
Commissioner of Higher Education	
Student Incentive Grant	7,200
Office of Public Instruction	
CETA/CEP	
Grant #1501	65,258
Grant #2505	73,690
Basic Vocational Education Act Grant	251,104
Federal Adult Basic Education	
Project #85-56-6102-0227	59,237
Local Match	21,725
Subtotal	<u>80,962</u>
State Adult Basic Education	
Project #83-56-6102-0207S	22,457
Local Match	10,872
Subtotal	<u>33,329</u>
Computerized Student Services	
Project	
Project #84-6102-06-21-17-G722	1,027
Career Information Dissemination Project	
Project #84-6102-06-21-17-G720	3,604
Vo-Ed Professional Development Grant	
Project #0007	1,491
Match	642
Elevator and Handicap Project	
Project #84-6102-04-19-17-11247	-0-
Match	1,534

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF GRANTS AND SUBGRANT RECEIPTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

<u>Grant Source, Name, and Number</u>	<u>Receipts</u>
A. Direct Grants	
Department of Education	
College Work Study	\$ 53,033
College Work Study Match	18,403
Pell Grant	188,678
Supplemental Education Opportunity Grant	9,175
Library Grant #G008251310	-0-
Library Grant #G008351154	538
Admin. Fees: Pell, SEOG, CWS, VA	6,030
 Private	
Clay Endowment	1,062
Employer Work Incentive	2,500
Equipment Donations	99
 B. Subgrants	
Department of Labor and Industry	
CETA/CEP	
Grant #3111	36,917
Grant #4127	99,298
Subtotal	<u>136,215</u>
 Commissioner of Higher Education	
Student Incentive Grant	7,599
 Office of Public Instruction	
Basic Vocational Education Act Grant	281,228
 Federal Adult Basic Education	
Project #84-56-6102-0185	37,581
Local Match	<u>13,546</u>
Subtotal	<u>51,127</u>
 State Adult Basic Education	
Project #84-56-6102-0051S	12,878
Local Match	5,006
Additional Local Match	<u>2,380</u>
Subtotal	<u>20,264</u>
 Computerized Student Services	
Project #83-6102-06-21-17-G712	2,579
Project #84-6102-06-21-17-G722	973
 Career Information Dissemination Project	
Project #84-6102--06-21-17-G720	1,027
Project #84-6102--06-21-17-G716	2,783
 Counselor Career Opportunity Seminar	
Project #83-6102-06-21-17-G717	10,361
 Elevator and Handicap Project	
Project #84-6102-04-19-17-H247	47,005
Match	13,329
Local Match	9,515

HELENA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF STUDENT FINANCIAL AID GRANT EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 1984 AND 1985

<u>Grant Source and Name</u>	<u>Expenditures</u>	
	<u>1984</u>	<u>1985</u>
Department of Education		
Pell Grant	\$186,797	\$294,358
College Work-Study (CWS)	55,505	59,438
Supplemental Education Opportunity		
Grant (SEOG)	10,734	11,593

AGENCY RESPONSE

HELENA VOCATIONAL—TECHNICAL CENTER

HELENA PUBLIC SCHOOLS

(Serving Montana)

PHONE 442-0060

1115 ROBERTS — HELENA, MONTANA 59601



ALEX CAPDEVILLE
DIRECTOR
EINAR BROSTEN
FISCAL ADM.
JAMES J. THOMAS
ASST. DIRECTOR

April 14, 1986

RECEIVED

APR 14 1986

MONTANA LEGISLATIVE AUDITOR

Mr. Scott A. Seacat
Legislative Auditor
State of Montana
State Capitol
Helena, Montana 59620

Dear Mr. Seacat:

Enclosed is the Helena Vocational-Technical Center's response to the financial-compliance audit for the two fiscal years ended June 30, 1985. Attachments have been submitted for your reference only.

The draft audit report has been returned as you requested.

We appreciate the cooperation of your staff and the timeliness in conducting the audit. If you have any questions, please don't hesitate to notify my office.

Sincerely,

Alex Capdeville, Ph.D.
Director

AC/ap

Enclosures

cc: Roger Eble, Superintendent

HELENA VOCATIONAL-TECHNICAL CENTER'S RESPONSE
FINANCIAL-COMPLIANCE AUDIT FOR THE
TWO FISCAL YEARS ENDED JUNE 30, 1985

RECOMMENDATION #1:

WE RECOMMEND THE CENTER COMPLY WITH STATE LAW REGARDING
LEAVE BENEFITS.

RESPONSE:

The Helena School District No. 1 has no intent to violate state statutes regarding emergency leave benefits. School District No. 1 has notified the unions representing non-certified staff that a violation of law may exist, and that steps will be taken to bring the District into compliance if the District's legal counsel agrees with the auditor's recommendation. If the District's legal counsel is not in agreement, the District will request a meeting with the state auditors to explain the District's position.

RECOMMENDATION #2:

WE RECOMMEND THE CENTER:

- A. SUPPORT FINANCIAL AID REPORTS WITH ITS ACCOUNTING RECORDS IN ACCORDANCE WITH FEDERAL REGULATIONS.
- B. INSTITUTE CONTROLS TO ENSURE COMMUNICATION BETWEEN THE ACCOUNTING FUNCTION AND THE FINANCIAL AID OFFICE.

RESPONSE:

A. Concur.

Pell grants for FY 84 were over-recorded for the quarterly (868) report due to a warrant that had been returned but not recorded as having been returned. See Warrant #966858 for FY 85. The \$352 is reflected in the payback of Recommendation 5, Part B, having not all been posted back.

SEOG for FY 84/85 was under-reported on the 6/30/84 report but corrected as allowed on the 9/30/84 report after the FISAP report was completed.

The SSIG has been corrected.

- B. Concur. All financial aid reports will utilize the SBAS records for supporting documentation of cash, revenues, and expenditures rather than auxiliary records retained by the financial aid office. The financial aid office will ensure that all requests for financial aid accounting records are explained clearly so that the accounting office provides the proper data.

RECOMMENDATION #3:

WE RECOMMEND THE CENTER DEVELOP PROCEDURES TO ENSURE TIMELY REPORTING IN ACCORDANCE WITH THE PROVISIONS OF FEDERAL GRANT AGREEMENTS.

RESPONSE:

Concur. A central file system and grant coordinator has been established for all federal grant projects. These steps will help to ensure that the final reports will be submitted in a timely fashion.

RECOMMENDATION #4:

WE RECOMMEND THE CENTER PROVIDE SUFFICIENT MATCH OF STATE PARTICIPATION TO COMPLY WITH FEDERAL REGULATIONS IN REGARD TO MAINTENANCE OF EFFORT.

RESPONSE:

Concur. The Helena Vo-Tech Center has reduced on-campus college work study due to budget cutbacks. This has resulted in a reduction of institutional match. The Helena Vo-Tech Center, however has increased the scholarship monies and hopes to bring the level of support up to previous levels.

RECOMMENDATION #5:

WE RECOMMEND THE CENTER:

- A. CONTINUE TO ATTEMPT COLLECTION OF THE OVERPAID FINANCIAL AID.
- B. REIMBURSE THE FEDERAL FINANCIAL AID ACCOUNT FOR THE UNCOLLECTED BALANCE OF THE OVERPAYMENTS.

RESPONSE:

Concur.

- A. These individual's bad debts will be transferred to the Department of Revenue for collection prior to the close of FY 86.
- B. This action has been completed.

RECOMMENDATION #6:

WE RECOMMEND THE CENTER ESTABLISH PROCEDURES TO ENSURE THAT STUDENT FINANCIAL AID FILES CONTAIN A COMPLETE APPLICATION AS REQUIRED BY FEDERAL REGULATION.

RESPONSE:

Concur. A student signed the required form, but failed to mark that he was born before 1960--overlooked by the Financial Aid office. We are now checking these requirements twice.

RECOMMENDATION #7:

WE RECOMMEND THE CENTER IDENTIFY FEDERAL PROPERTY IN ACCORDANCE WITH FEDERAL REGULATIONS.

RESPONSE:

Property owned by the federal government will continue to be listed on the inventory by the department assigned to and also in a separate list titled, "Federal Property".

RECOMMENDATION #8:

WE RECOMMEND THE CENTER PROPERLY ACCOUNT FOR THE OFF-CAMPUS EMPLOYERS' SHARE OF COLLEGE WORK STUDY AND INDUSTRIAL ACCIDENT INSURANCE.

RESPONSE:

Concur. Effective April 1, 1986 we have begun to record all off-campus employer reimbursements for payroll and industrial accident insurance as expenditure abatements. Likewise we have corrected all prior entries for FY 86 recorded as revenues so that FY 86 and all subsequent years will be recorded as per the recommendation.

RECOMMENDATION #9:

WE RECOMMEND THE CENTER RECORD ITS FINANCIAL ACTIVITY RELATED TO THE AIRCRAFT MECHANIC TEST IN THE DESIGNATED OR UNRESTRICTED SUBFUND IN ACCORDANCE WITH STATE ACCOUNTING POLICY.

RESPONSE:

Concur. We are in the process of establishing a new accounting entity for the Aircraft Mechanic Test in the designated subfund, so that FY 86 and all subsequent fiscal years will be recorded as per the recommendation.

RECOMMENDATION #10:

WE RECOMMEND THE CENTER:

- A. RESTRICTIVELY ENDORSE CHECKS WHEN RECEIVED.
- B. SEGREGATE THE FUNCTIONS OF AUTHORIZING WARRANTS AND PICKING UP WARRANTS.
- C. ADEQUATELY SAFEGUARD CHECKS AGAINST LOSS.

RESPONSE:

Concur.

- A. All checks in our bookstore are now being endorsed when received.
- B. Warrants are now being picked up only by authorized personnel who cannot approve warrants.
- C. Checks for the resale operation that are received in the main office are no longer being sent to a second location. The checks are being immediately endorsed, a receipt made, and the checks deposited with that day's deposit. Other support is now being sent to the second location.

